R4105-3A

STATISTICAL BULLETIN

Volume 17, No. 10, October, 1984

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The Conference Board

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STATISTICAL REFERENCE INDEX
ACCELIMATIONS
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COMMENT

The index of *Leading Economic Indicators* did not fall in August. Some comfort can be taken from that news since three consecutive declines in this monthly series is sometimes taken as a signal that a recession is developing. Of course, some pundits would quickly point out that this index has forecast nine of the last six recessions. Nevertheless, after declining in both June and July, the leading indicators rose slightly in August—largely on the strength of a spectacular climb in common stock prices. Without that Summer rally in the stock market, the leading indicators would have been unchanged. The fact is that the momentum of the current expansion not only is slowing but has been gradually becoming more narrowly concentrated all year. The Conference Board's *Diffusion Index*, a measure of how widely, or narrowly, the strength of the economy is shared, has been falling since the beginning of 1984. Business investment and the government's defense spending are about the only two segments of the economy now rising sharply. The *Economic Forecasts* indicate that economic growth, which slowed markedly this past Summer, is likely to continue to ease through the first half of 1985. What happens after that, depends heavily on relief from high deficits—budget and trade—high interest rates and a high dollar.

The economic recovery is losing energy because consumer spending, especially on the cyclically-sensitive durable goods, has become noticeably more subdued. Retail sales, adjusted for inflation, were no higher in September than they were in April. And spending on cars, new or old, and car parts are no higher now than they were a year ago. In fact, new, domestic *Automobile Sales* appear to have hit a plateau of about 9 million units at an annual rate in May, June and July. Sales fell off in August as the model year came to a close. They did not recover momentum in September, although that may be partly attributable to problems of getting sufficient quantities of new models into the showrooms.

Consumer spending was quite strong in 1983 and early 1984, despite high borrowing costs, because households were replenishing their stocks of furniture, appliances and cars. Pent-up demand appears to have been largely exhausted by mid-1984, and consumers, now a little more debt-laden, appear to be more sensitive to paying high finance charges. The ratio of *Consumer Installment Debt Expansion to Personal Income* rose to 4% in May—higher than even in late 1978, when many analysts thought that the consumer sector was becoming a bit overextended. The pace of consumer borrowing has slowed in the last few months.

Consumers' attitudes about business conditions remain bullish, but noticeably less ebullient in that appraisal than they were a year ago. The Conference Board's *Consumer Confidence Index* reached a peak of 98.4 (1969-1970 = 100) in January, 1984—higher than it had stood at any time since economic growth began to falter in late 1978. The appraisal of present conditions remains strong. Two years into a new expansion phase of the cycle, however, expectations—of economic growth, more jobs and higher incomes—over the next six months, have begun to ebb. Consumers, having replenished depleted household stocks, are a little less optimistic about continued strong economic growth. Consequently, they are buying at a more moderate pace.

The boom in business investment began to take off just as the surge in consumer demand began to ebb. And capital spending is likely to remain vigorous for months to come. The Conference Board's *Capital Appropriations and Expenditures* survey shows that the nation's 1,000 largest manufacturers expect to increase their capital investment budgets by a sizeable 25% in 1984. They are confident that such rapid buildup in investment is attainable, despite high interest rates, because 80% or more of it will be internally financed—out of retained earnings and liberalized depreciation allowances.

Business is stepping up its procurement of new plant and equipment in order to relieve the buildup of pressure on production capacity. Manufacturers have had difficulty in the past trying to operate above 80 to 85% of capacity for any length of time. Utilization rates quickly returned to near-full capacity in the current expansion. The operating rate for advanced-processing industries first reached 80% in October, 1983—just about one year into recovery. It reached 82.2% in February, 1984, and has remained close to that mark ever since.

The rise in consumer demand began to taper off in the first half of 1984, but business investment in plant and equipment, and inventory, as well as government demand, especially defense-related spending, was quite strong. The consequence of rising demand in the midst of manufacturers' limited ability to step up production has been a continuous escalation of domestic needs being met by foreign production. Imports have been flooding U.S. markets, creating an ever-widening balance-of-trade deficit.

Ken Goldstein, Editor
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STATISTICAL BULLETIN (ISSN 0010-9894), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.

The Conference Board of Canada
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Ottawa, Ontario, K1L-6R3, Canada

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New York, New York 10022

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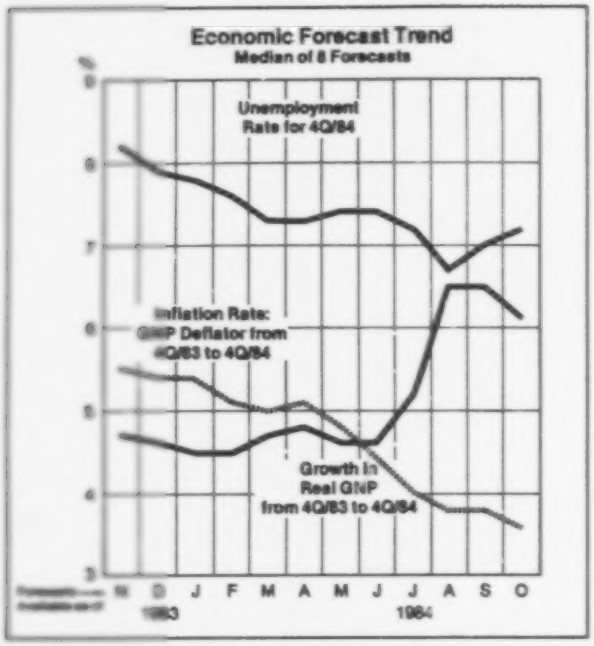

Economic Forecast Trend
Median of 8 Forecasts
%
Unemployment Rate for 4Q/84
Inflation Rate: GNP Deflator from 4Q/83 to 4Q/84
Growth in Real GNP from 4Q/83 to 4Q/84
N D J F M A M J J A S O
1983
1984

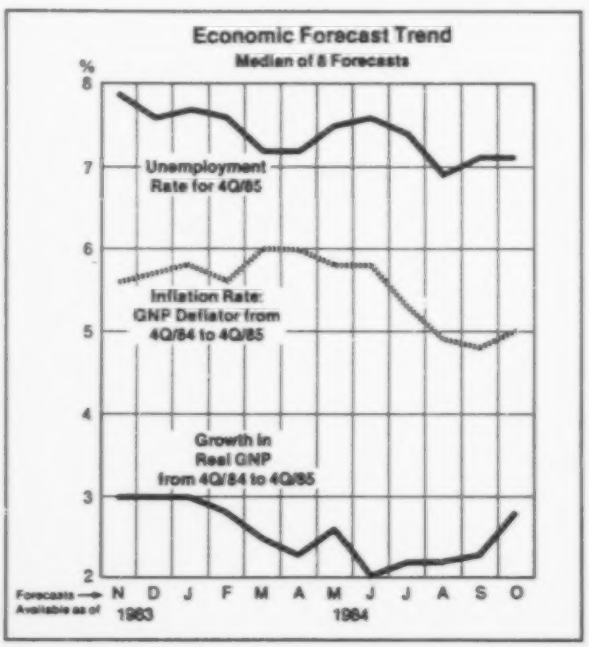
In the early stage of recovery the enormous stimulative impact of fiscal policy propelled the economy out into the fast track. The Conference Board's estimate of *Fiscal Thrust*—the initial impact of the Federal Government budget on economic activity—shows that policy remains very stimulative. The capacity utilization rates, however, indicate that domestic producers have a limited amount of idle resources that can be quickly brought on stream. Of necessity, then, they are investing heavily to increase production capacity. Given the lag between ordering new plant and equipment and its deployment, imports are now benefitting from the stimulative fiscal policy.

Growth in consumer loan demand has slowed a notch and business is relying heavily on internal sources of funds. Nevertheless, the combined credit demand of consumers, business and the Federal Government remains substantial. Given the slow growth of money supply—see the *Money Supply and Monetary Targets* chart—the financial market has been forced to search high and low for loanable funds. Savers are enjoying a high rate of return. Foreign capital continues to flow into the domestic market, driving the dollar ever higher. The consequences of stimulating an already fast-paced expansion, given a relatively restrictive monetary policy, include high interest rates and dollar appreciation.

Slow money growth, high interest rates, an overvalued dollar and a growing trade deficit work in concert to restrain economic growth. And the *Economic Forecasts* indicate that they are beginning to take their toll. Real GNP grew at a seasonally adjusted 3½% annual rate in the third quarter of 1984, sharply lower than the growth rate enjoyed earlier this year. The *Economic Forecasts* indicate that real output growth will continue at this slower pace through mid-1985, but then slow to only about a sluggish 2 to 2½% pace from the third quarter of 1985 through the third quarter of 1986 (last quarter in the forecast horizon). Two of the forecasts, including The Conference Board's own model, show two consecutive quarters of outright decline in real GNP will be experienced in this time frame.

Slower economic growth implies that the two-year record of rapid gains in employment is over. The unemployment rate declined from 10.7% in November, 1982, to 7.5% in May. Since then, however, it has been virtually unchanged—at last reading, it was 7.4% in September. Labor market conditions are likely to remain sluggish at best for some time to come. The Conference Board's *Help-wanted Index* reached 138 (1967 = 100) in July but then fell ten points in August. Early returns suggest that this measure of labor demand failed to recover any of that lost ground in September. The *Economic Forecasts* indicate that the unemployment rate may only improve to 7% by the second quarter of 1985, but then remain at that level, or even rise a little, through the forecast horizon. The more pessimistic forecasts indicate that unemployment may not fall below its current level and begin to climb early next year, perhaps back to an 8% level.

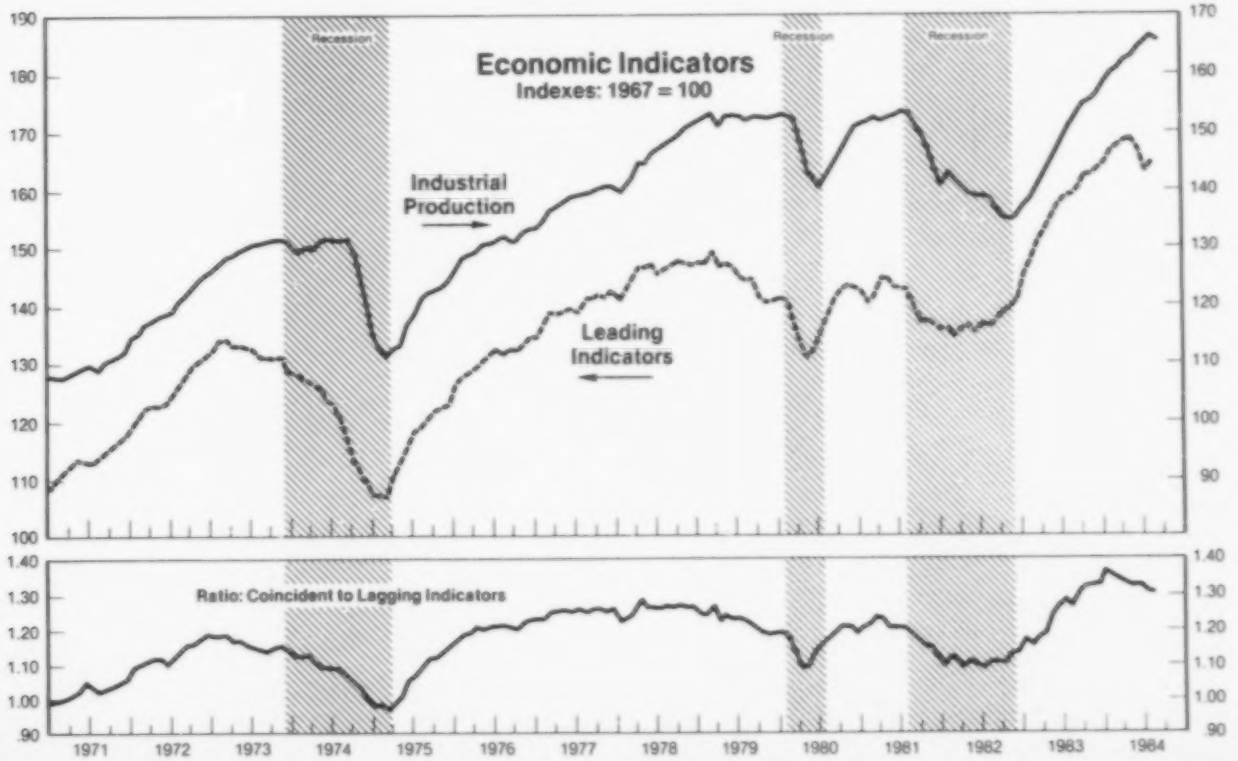
Ken Goldstein
October 9, 1984


Economic Forecast Trend
Median of 8 Forecasts
%
Unemployment Rate for 4Q/85
Inflation Rate: GNP Deflator from 4Q/84 to 4Q/85
Growth in Real GNP from 4Q/84 to 4Q/85
N D J F M A M J J A S O
1983
1984

STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Aug.			X	— 2.4%	+ 3.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Aug.			X	—12.4%	+ 10.0%
New orders, nondefense capital goods (deflated)	Aug.			X	—12.0%	+ 12.2%
*New business formation	Aug.		X		+ 2.2%	+ 3.1%
*Housing permits	Aug.			X	—13.9%	— 9.9%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Aug.		X		— 1.4%	+ 7.7%
*Change in inventory, on hand & order (deflated)	July			X	—16.7%	+ 11.9%
Purchasing agents' buying policy	Sept.		X		+ 2 %	+ 7 %
*Vendor performance, reported slower deliveries	Aug.			X	—16 %	— 7 %
Industrial raw materials prices	Sept.			X	— 4.1%	+ 2.5%
*Change in sensitive material prices	Aug.			X	— 1.3%	— 2.1%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Aug.		X		+ 0.5%	+ 2.9%
Change in business loans	Aug.			X	—20.3%	+ 46.4%
*Change in credit outstanding	July			X	— 6.1%	+ 6.0%
Change in consumer installment debt	July		X		+ 8.4%	+ 40.8%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q			X	— 1.0%	+ 19.4%
*Common stock prices	Sept.	X			+ 8.1%	— 1.0%
Marginal Employment Adjustments						
*Average workweek, mfg.	Sept.			X	— 0.3hr	— 0.4hr
*Initial unemployment claims (inverted)	Sept.		X		— 3.7%	+ 6.2%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



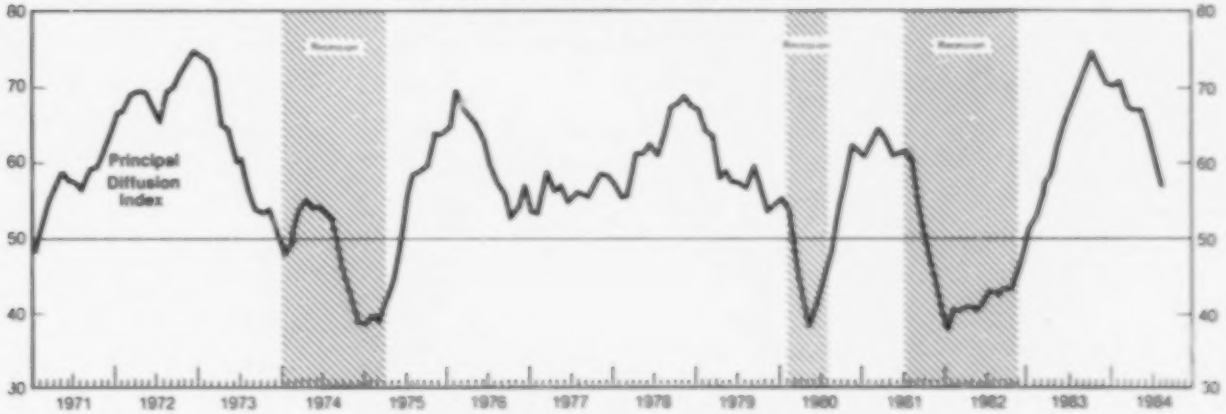
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1983 Aug.	1984 May	1984 June	1984 July	1984 Aug.(e)
Principal Diffusion Index	69.5	67.1r	64.1r	60.0r	56.6
Auxiliary Diffusion Index	44.7	50.0r	40.3r	36.6r	39.1
Industrial Group	73.1	68.7	68.1r	64.7r	62.6
Nonindustrial Group	65.8	65.5r	60.1r	55.3r	50.6
Sense of Diffusion	1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	79.9	56.2	59.0r	59.4r	65.4
Labor	71.7	75.4	73.8	65.0	61.8
Miscellaneous	66.7	70.5	67.3	71.8	60.3
Nonindustrial Subgroups					
Prices	68.6	68.7	56.4	46.8	46.2
Consumer	71.8	76.9	75.6	69.7r	63.7
Building	59.6	63.5	61.5	59.6r	50.0
Miscellaneous	62.0	54.7r	46.2r	43.6	41.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1982 Feb.	1982 May	1982 Aug.	1982 Nov.	1983 Feb.	1983 May	1983 Aug.	1983 Nov.	1984 Feb.	1984 May	1984 Aug.
	Score (scale 0-100)										
Measure of Business Confidence	47	52	55	60	70	76	75	74	70	65	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	23	30	38	44	65	76	82	80	76	75	70
2. Expectations for Economy, Six Months Ahead	59	64	65	70	76	78	74	73	67	60	57
Expectations for Own Industry, Six Months Ahead	58	61	61	65	70	72	69	70	67	61	57

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

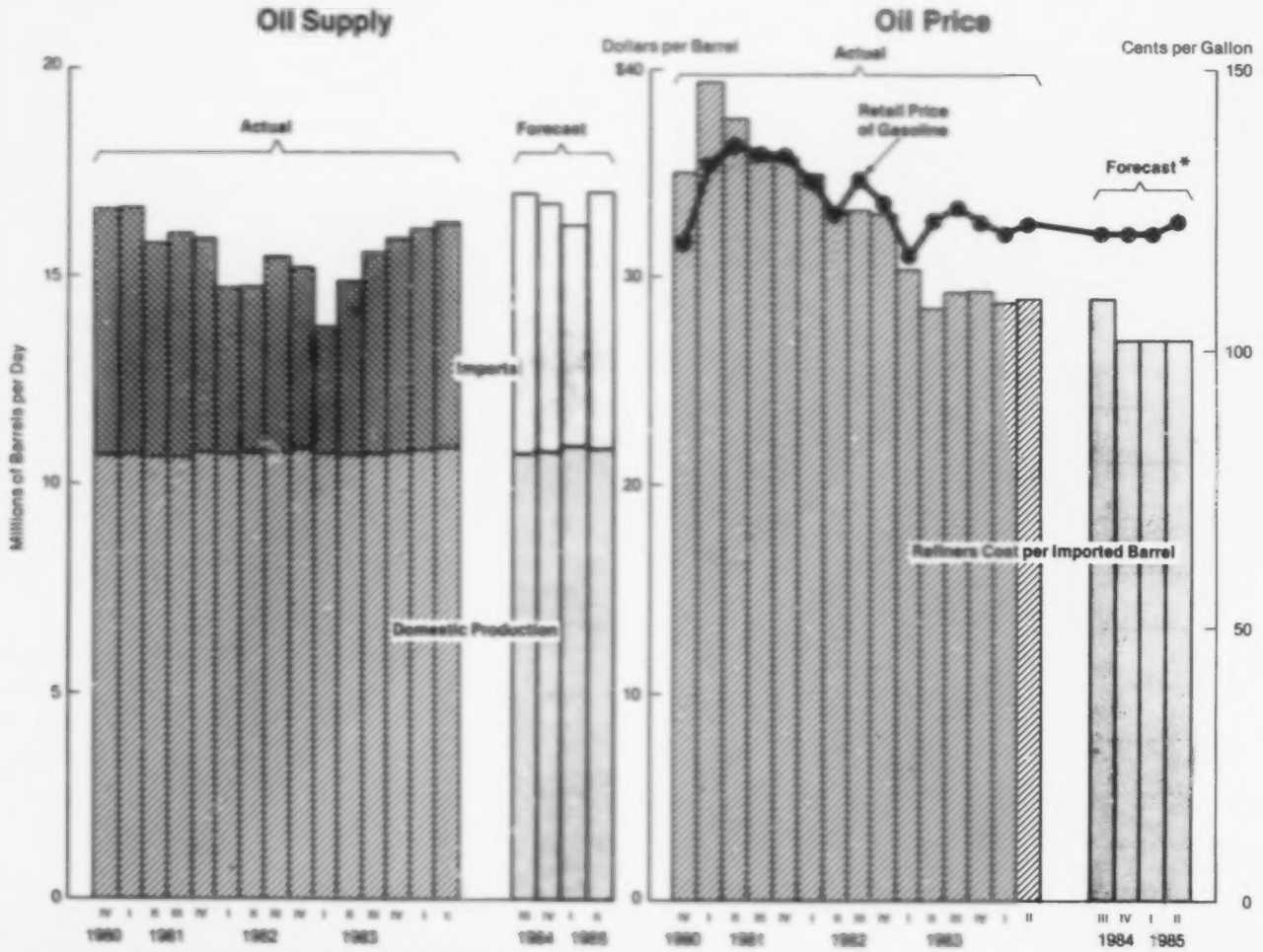
	1982	1983				1984		Percent Change From Previous Year		
	IV	Ir	IIr	IIIr	IVr	Ir	IIp	1982 Actual	1983 Actual	1984 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	21.488	20.072	20.874	22.875	24.282	26.810	37.092	-18	1	20
Capital expenditures	22.887	19.108	18.664	18.244	19.580	19.905	21.882	- 3	-23	25
Change in appropriations backlog*	-3.385	-1.160	+0.982	+1.988	+0.928	+5.152	+13.764			
Durable Goods										
New appropriations	8.239	8.130	9.293	9.119	11.024	13.662	21.153	-24	17	10
Capital expenditures	8.949	7.942	7.717	7.687	8.727	8.714	9.895	- 7	-19	31
Change in appropriations backlog*	-1.351	-0.676	+0.887	+1.466	+0.819	+4.057	+10.919			
Nondurable Goods										
New appropriations	13.250	11.942	11.581	13.885	13.238	13.154	15.939	-14	-9	27
Capital expenditures	13.938	11.166	10.947	10.577	10.833	11.191	11.987	0	-26	21
Change in appropriations backlog*	-2.044	-0.484	+0.095	+0.522	+0.109	+1.095	+2.845			
ELECTRIC & GAS UTILITIES										
New appropriations	9.939	7.664	6.713	5.771	7.200	5.338p				
Capital expenditures	9.384	9.041	9.292	9.043	8.386	8.703p				
Change in appropriations backlog*	-4.709	-4.812	-7.024	-3.925	-3.758	-4.832p				

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

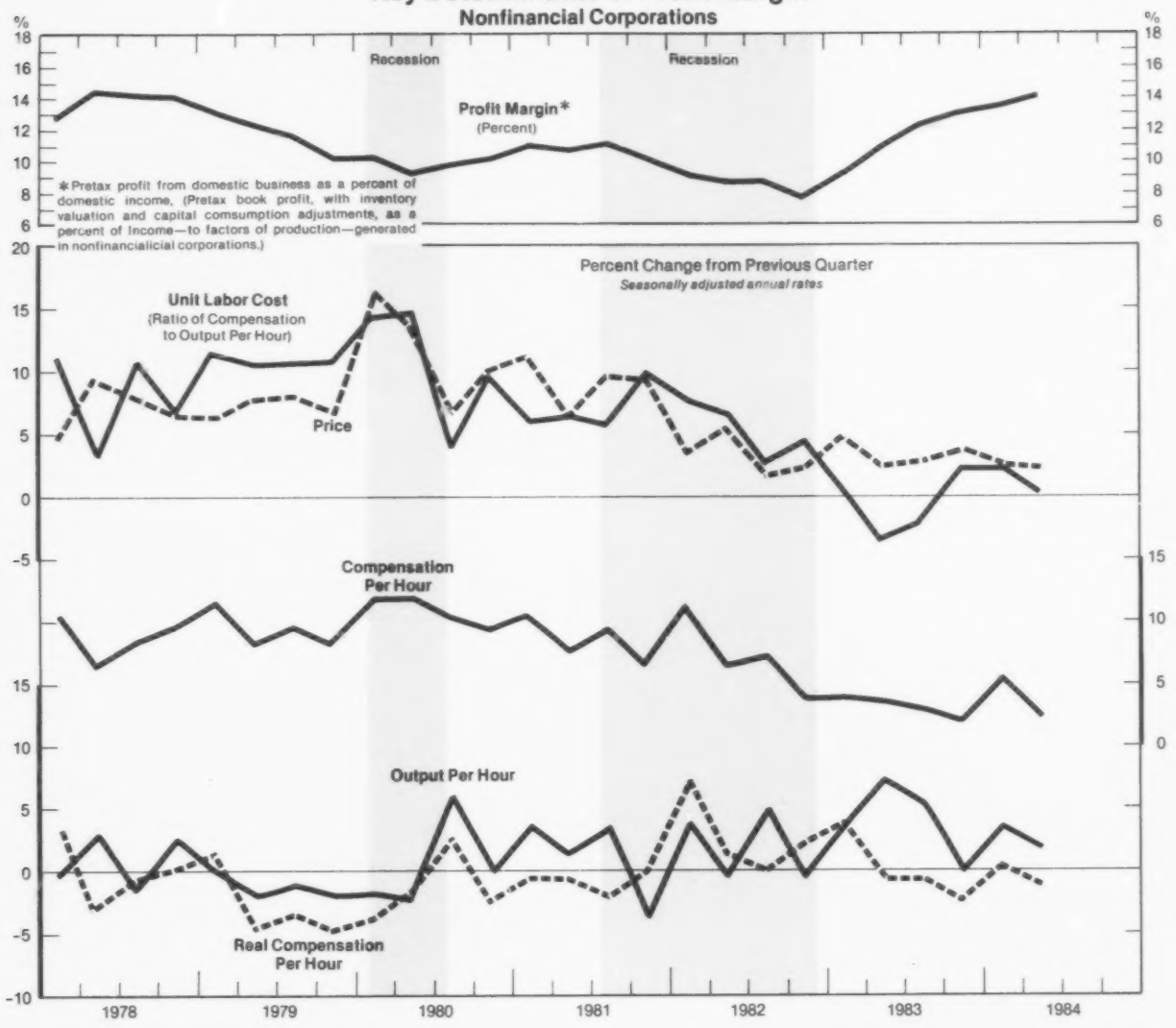
* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments).

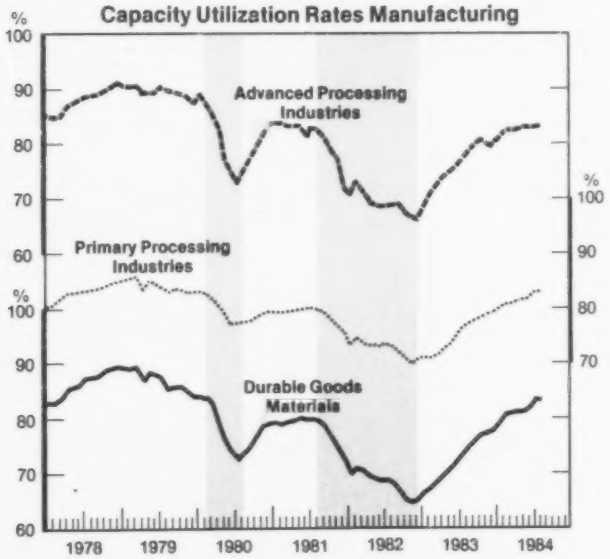
** Results based on survey respondents' expectations.

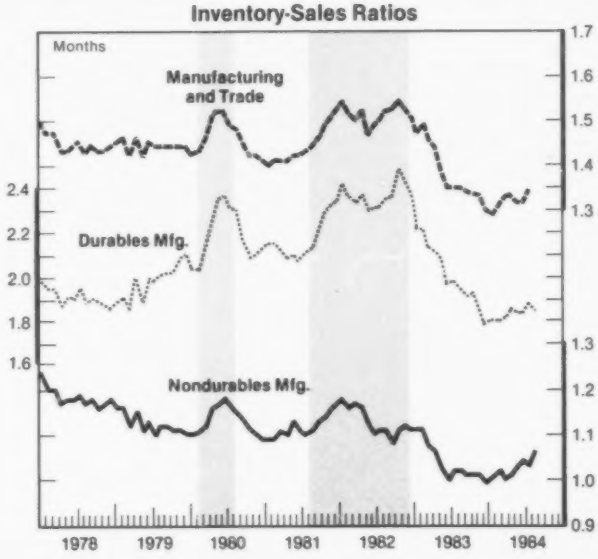


*Source of Forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin







ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[1]		Merrill Lynch Economics Inc.[1]		E.I. duPont de Nemours & Co.[1]		Georgia State University[1]	
Date of Forecast			*Sept., 1984*		*Sept., 1984*		*Sept., 1984*		*Sept., 1984*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1984**	**II**	**$3644.7**	**10.7%**	**$3644.7**	**10.7%**	**$3644.7**	**10.7%**	**$3644.7**	**10.7%**
		III	3705.9	6.9	3703.0	6.6	3702.7	6.5	3707.2	7.0
		IV	3775.7	7.7	3784.1	9.1	3758.4	6.2	3782.4	8.4
	1985	I	3855.2	8.7	3855.3	7.7	3823.6	7.1	3871.1	9.7
		II	3915.6	6.4	3933.7	8.4	3923.1	10.8	3961.3	9.7
		III	3986.5	7.4	3977.8	4.6	4021.6	10.4	4049.3	9.2
		IV	4072.7	8.9	4053.0	7.8	4121.3	10.3	4137.1	9.0
	1986	I	4163.5	9.2			4205.5	8.4	4219.6	8.2
		II	4262.3	9.8			4301.9	9.5	4289.9	6.8
		III	4371.3	10.6			4369.2	6.4	4371.0	7.8
	1984	Annual	3669.9	11.0	3671.3	11.1	3664.8	10.9	3671.9	11.1
	1985	Annual	3957.5	7.8	3955.0	7.7	3972.4	8.4	4004.7	9.1
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1984**	**II**	**$1638.8**	**7.1%**	**$1638.8**	**7.1%**	**$1638.8**	**7.1%**	**$1638.8**	**7.1%**
		III	1653.0	3.5	1649.2	2.6	1653.0	3.5	1653.0	3.5
		IV	1671.9	4.7	1667.4	4.5	1663.0	2.4	1666.9	3.4
	1985	I	1689.0	4.2	1678.5	2.7	1677.0	3.4	1683.3	4.0
		II	1699.4	2.5	1693.8	3.7	1702.0	6.1	1696.7	3.2
		III	1712.9	3.2	1692.7	-0.3	1726.0	5.8	1709.3	3.0
		IV	1729.2	3.9	1702.8	2.4	1750.0	5.7	1719.9	2.5
	1986	I	1744.8	3.7			1767.0	3.9	1726.7	1.8
		II	1763.8	4.4			1785.0	4.1	1728.9	.5
		III	1786.0	5.1			1787.0	.4	1733.6	1.1
	1984	Annual	1643.6	7.1	1641.6	7.0	1641.4	7.0	1642.4	7.0
	1985	Annual	1707.6	3.9	1692.0	3.1	1713.8	4.4	1702.3	3.6
Gross National Product deflator Index, 1972 = 100										
Actual	**1984**	**II**	**222.4**	**3.3%**	**222.4**	**3.3%**	**222.4**	**3.3%**	**222.4**	**3.3%**
		III	224.2	3.3	224.5	3.9%	224.0	2.9	224.3	3.4
		IV	225.8	3.0	226.9	4.4	226.0	3.6	226.9	4.8
	1985	I	228.3	4.4	229.7	4.9	228.0	3.6	230.0	5.5
		II	230.4	3.8	232.2	4.5	230.5	4.5	233.5	6.2
		III	232.7	4.1	235.0	4.8	233.0	4.4	236.9	6.0
		IV	235.5	4.9	238.0	5.2	235.5	4.4	240.5	6.3
	1986	I	238.6	5.4			238.0	4.3	244.4	6.5
		II	241.7	5.2			241.0	5.1	248.1	6.3
		III	244.8	5.2			244.5	5.9	252.1	6.6
	1984	Annual	223.3	3.7	223.6	3.9	223.2	3.7	223.5	3.8
	1985	Annual	231.7	3.8	233.7	4.5	231.8	3.8	235.2	5.2
Unemployment Rate										
Actual	**1984**	**II**	**7.5%**		**7.5%**		**7.5%**		**7.5%**	
		III	7.4		7.5		7.4		7.5	
		IV	7.1		7.1		7.2		7.3	
	1985	I	7.0		7.1		6.9		7.2	
		II	6.9		7.3		6.8		7.1	
		III	6.9		7.5		6.5		7.0	
		IV	6.9		7.5		6.4		7.0	
	1986	I	6.9				6.4		7.1	
		II	6.8				6.3		7.3	
		III	6.6				6.5		7.6	
	1984	Annual	7.5		7.5		7.5		7.5	
	1985	Annual	6.9		7.4		6.7		7.1	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on revised (2nd revision) second quarter data.

ECONOMIC FORECASTS (continued)

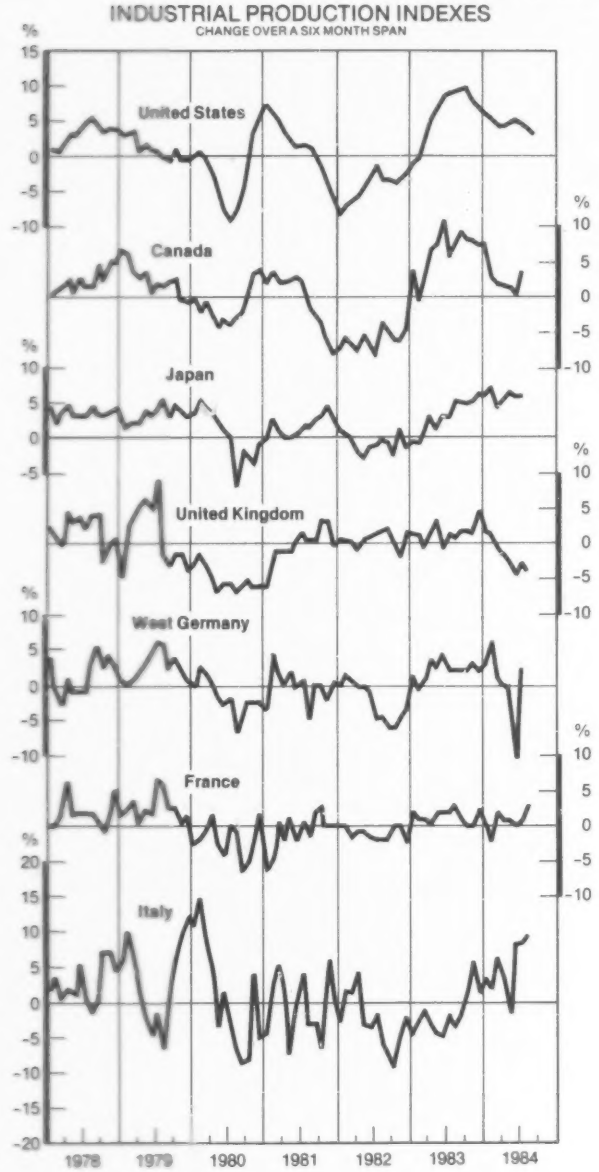
The Conference Board[1]		Chase Econometric Associates, Inc[1].		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Sept., 1984		*Sept., 1984*		*Sept., 1984*		*Sept., 1984*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$3644.7	**10.7%**	**$3644.7**	**10.7%**	**$3644.7**	**10.7%**	**$3644.7**	**10.7%**	**II**	**1984**	**Actual**
3704.0	6.7	3712.6	7.7	3705.7	6.9	3702.9	6.5	III		
3768.0	7.1	3786.9	8.2	3773.0	7.5	3776.3	8.2	IV		
3840.0	7.9	3865.3	8.5	3842.1	7.5	3868.1	10.1	I	1985	
3876.0	3.8	3938.9	7.8	3886.7	4.7	3952.8	9.1	II		
3922.0	4.8	4000.8	6.4	3931.8	4.7	4032.3	8.3	III		
4023.0	10.7	4078.4	8.0	3986.6	5.7	4109.5	7.9	IV		
		4154.7	7.7	4052.8	6.8	4181.8	7.2	I	1986	
		4238.0	8.3	4129.7	7.8	4226.2	4.3	II		
		4328.9	8.9	4215.8	8.6	4269.7	4.2	III		
3667.5	11.0	3674.4	11.2	3669.2	11.0	3669.3	11.0	Annual	1984	
3915.3	6.8	3970.9	8.1	3911.8	6.6	3990.7	8.8	Annual	1985	
								Gross National Product Billions of Constant (1972) Dollars		
$1638.8	**7.1%**	**$1638.8**	**7.1%**	**$1638.8**	**7.1%**	**$1638.8**	**7.1%**	**II**	**1984**	**Actual**
1653.4	3.6	1652.2	3.3	1652.9	3.5	1653.2	3.6	III		
1667.3	3.4	1668.7	4.1	1668.4	3.8	1670.3	4.2	IV		
1681.0	3.3	1683.1	3.5	1681.1	3.1	1689.3	4.6	I	1985	
1676.9	-1.0	1694.2	2.7	1684.9	.9	1706.1	4.0	II		
1676.4	-0.1	1699.3	1.2	1688.8	.9	1718.0	2.8	III		
1697.8	5.2	1707.3	1.9	1693.6	1.1	1726.9	2.1	IV		
		1716.3	2.1	1702.4	2.1	1730.4	.8	I	1986	
		1730.8	3.4	1715.5	3.1	1725.6	-1.1	II		
		1745.4	3.4	1731.6	3.8	1722.9	-0.6	III		
1642.6	7.0	1642.6	7.0	1642.8	7.0	1643.3	7.1	Annual	1984	
1683.0	2.5	1696.0	3.2	1687.1	2.7	1710.1	4.1	Annual	1985	
								Gross National Product deflator Index, 1972 = 100		
222.4	**3.3%**	**222.4**	**3.3%**	**222.4**	**3.3%**	**222.4**	**3.3%**	**II**	**1984**	**Actual**
224.0	3.0	224.7	4.2	224.2	3.3	224.0	2.9	III		
226.0	3.6	226.9	4.0	226.1	3.5	226.1	3.8	IV		
228.4	4.4	229.7	4.9	228.5	4.3	229.0	5.2	I	1985	
231.1	4.8	232.5	5.0	230.7	3.8	231.7	4.8	II		
234.0	5.0	235.4	5.2	232.8	3.8	234.7	5.3	III		
237.0	5.2	238.9	6.0	235.4	4.5	238.0	5.7	IV		
		242.1	5.5	238.1	4.6	241.7	6.4	I	1986	
		244.9	4.7	240.7	4.6	244.9	5.5	II		
		248.0	5.3	243.5	4.6	247.8	4.8	III		
223.2	3.7	223.7	3.9	223.3	3.7	223.3	3.7	Annual	1984	
232.6	4.2	234.1	4.7	231.9	3.8	233.3	4.5	Annual	1985	
								Unemployment Rate		
7.5%		**7.5%**		**7.5%**		**7.5%**		**II**	**1984**	**Actual**
7.5		7.4		7.4		7.4		III		
7.4		7.1		7.2		7.2		IV		
7.4		6.9		7.1		6.9		I	1985	
7.7		6.9		7.2		6.6		II		
7.9		7.0		7.4		6.3		III		
7.6		7.2		7.5		6.3		IV		
		7.2		7.7		6.7		I	1986	
		7.1		7.8		6.9		II		
		6.9		7.7		7.2		III		
7.6		7.5		7.5		7.5		Annual	1984	
7.7		7.0		7.3		6.5		Annual	1985	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

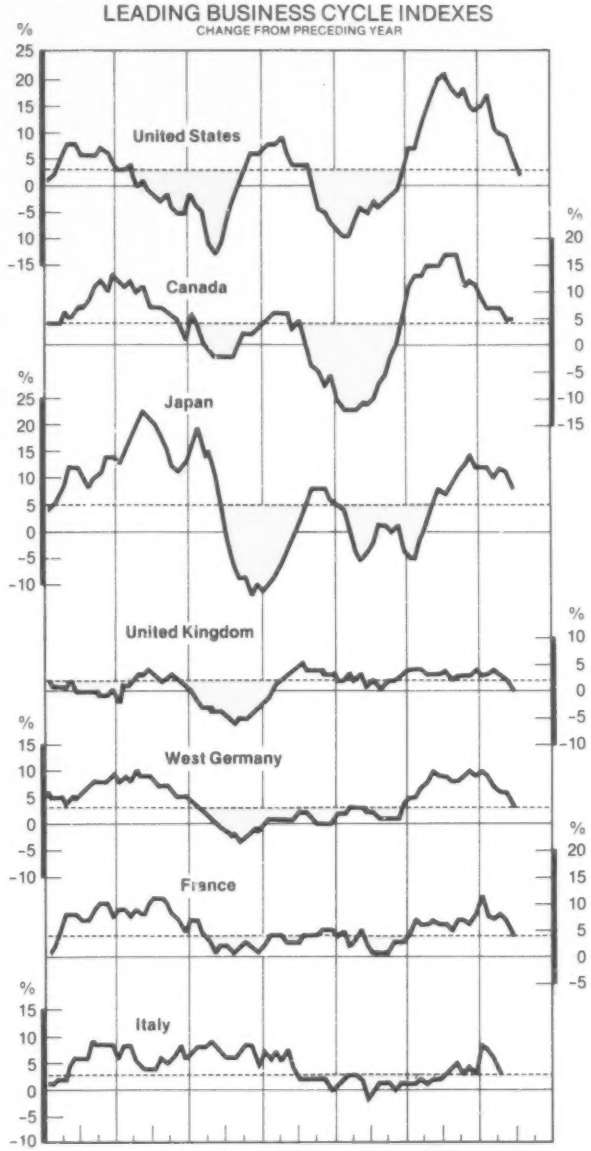
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

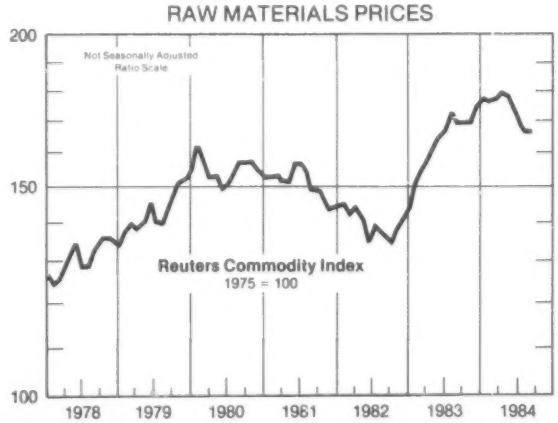
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

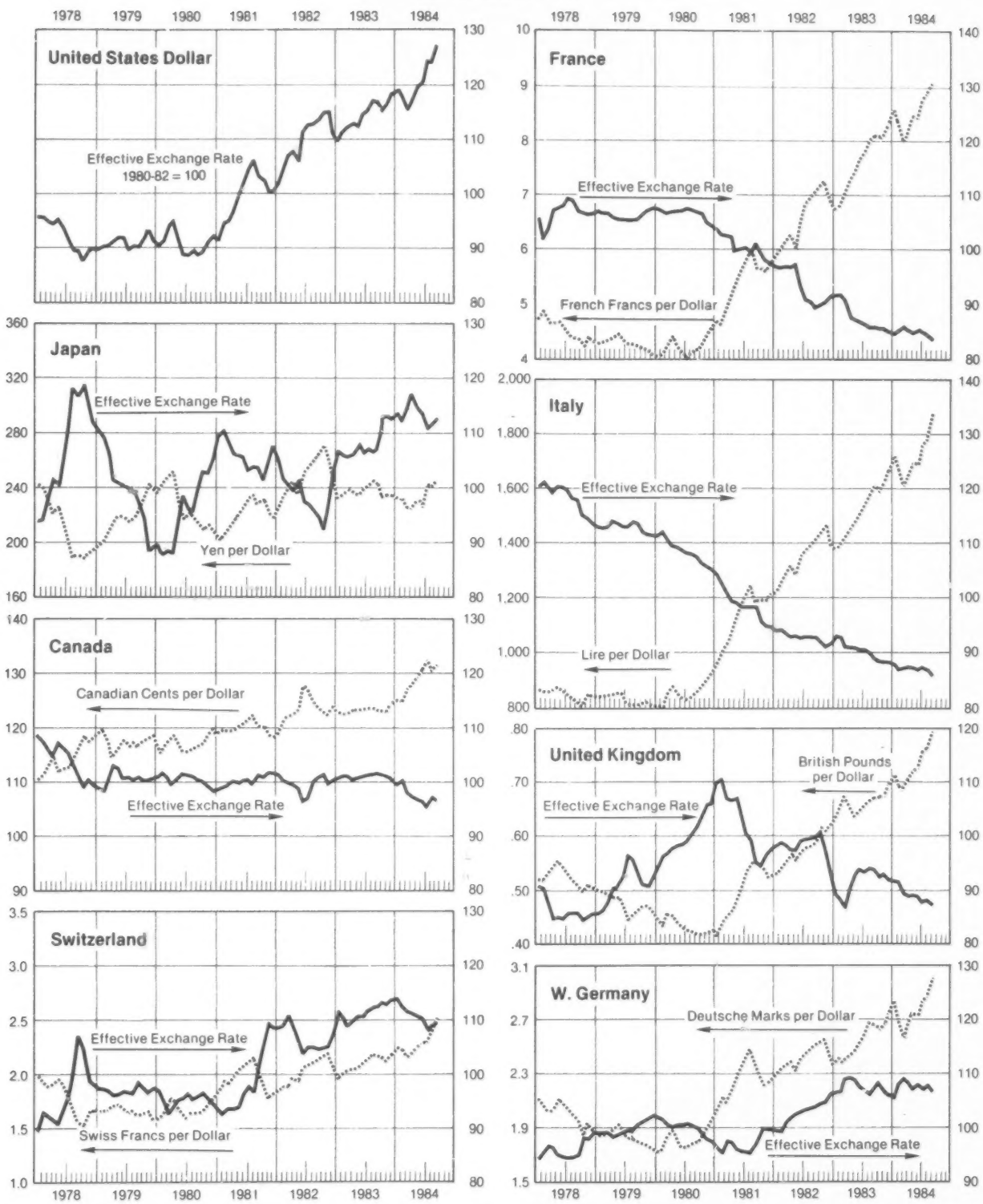
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



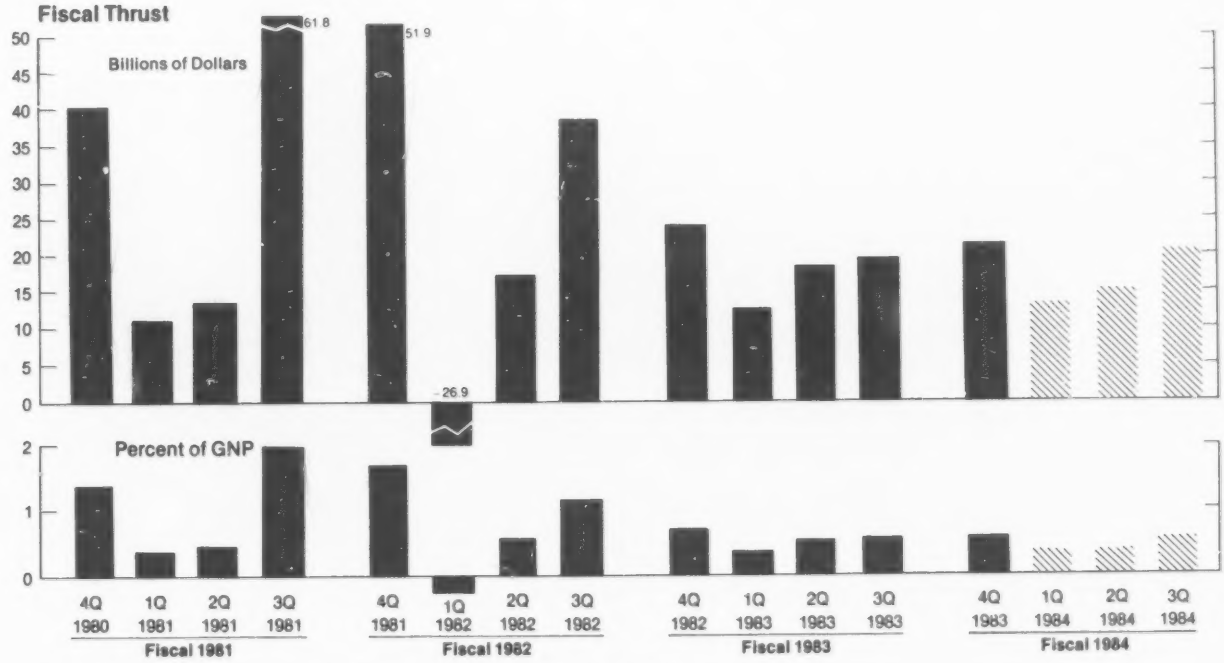
Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

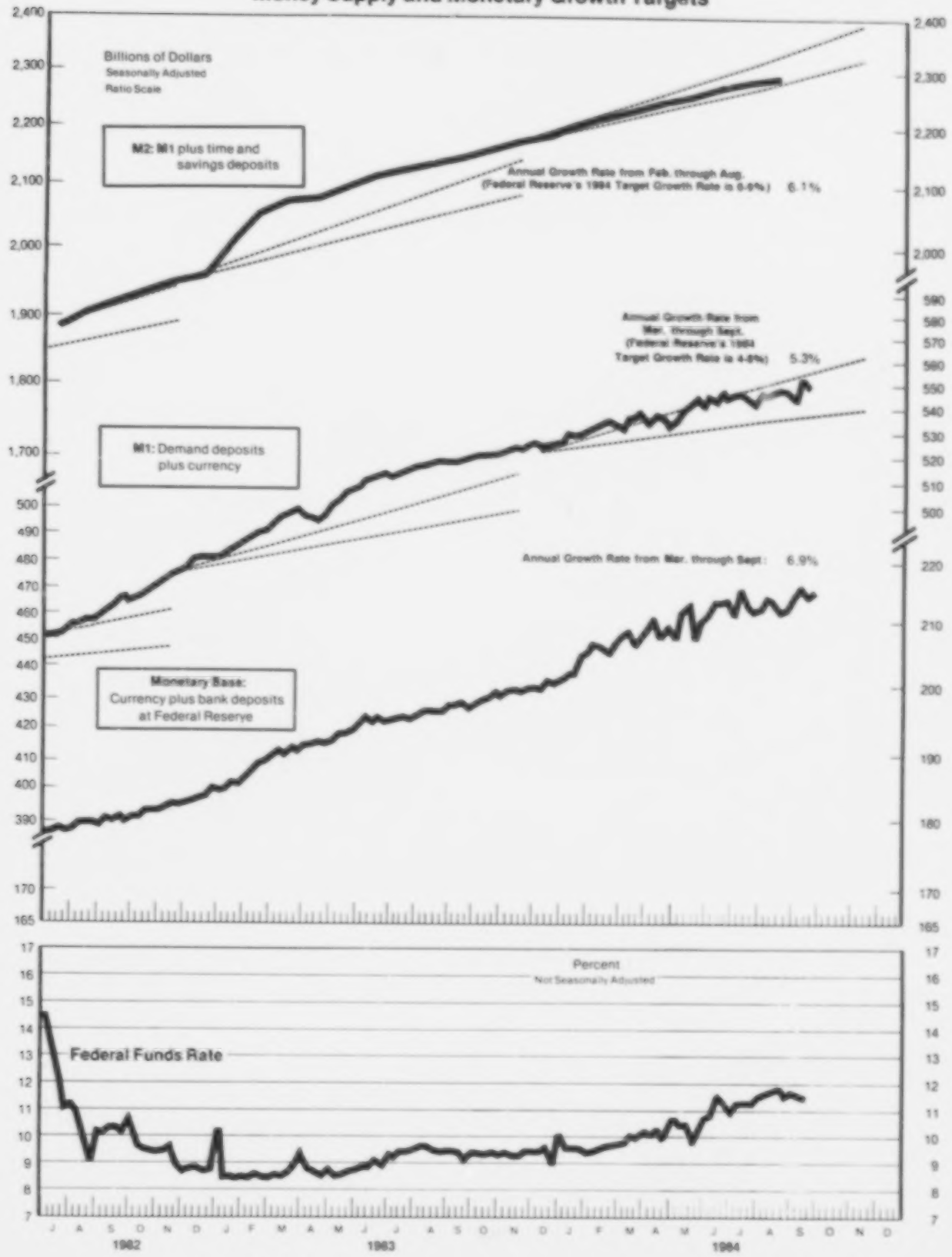
	Fiscal 1983	Fiscal 1984		Fiscal 1985		
	Actual (2/1/84)	President's Proposal (8/14/84)	Congressional Estimate (9/25/84)	Current Service (2/1/84)	President's Proposal (8/14/84)	Congressional Estimate (9/25/84)
Receipts	**600.6**	**670.7**	**672.9**	**737.3**	**763.8**	**750.9**
Outlays	**796.0**	**845.0**	**845.6**	**944.9**	**930.6**	**932.1**
Deficit	**-195.0**	**-174.3**	**-172.7**	**-207.7**	**-166.9**	**-181.2**
Receipts by source	**600.6**	**670.7**	**672.9**	**737.3**	**763.8**	**750.9**
Individual income taxes	288.9	299.5		323.4	341.8	
Corporate income taxes	37.0	59.0		75.5	74.3	
Social insurance	209.0	241.2		269.0	271.5	
Other receipts	65.7	71.1		69.4	76.2	
Outlays by function	**796.0**	**845.0**	**845.6**	**944.9**	**930.6**	**932.1**
National defense	209.9	233.6	230.4	284.4	266.2	262.9
Social security and medicare	223.3	237.8	274.8	261.4	258.1	254.1
Income security	122.2	95.2		116.9	110.3	111.7
Health	28.7	30.6	89.4	34.4	33.8	34.2
Education and manpower	26.6	28.2	28.0	29.0	29.4	29.9
Transportation	21.4	25.1	24.9	27.4	26.9	27.1
Veterans' benefits	24.8	25.9	25.9	26.6	26.7	26.4
International affairs	9.0	12.6	12.3	14.1	17.2	16.5
Agriculture	22.2	10.2	11.8	14.3	15.1	16.4
National resources and environment	12.7	12.2	12.3	11.8	11.6	12.0
General science	7.7	8.2	8.3	8.4	8.7	8.6
Community development	6.9	7.3	7.3	7.7	7.7	8.2
Revenue sharing	6.5	6.7	6.8		6.5	6.5
Justice	5.1	5.9	5.9	6.2	6.2	6.1
General government	4.8	5.3	5.1	5.7	5.6	5.6
Energy	4.0	2.4	2.5	3.4	2.8	4.1
Commerce and housing credit	4.4	4.6	4.4	1.6	0.3	2.0
Interest	89.8	109.4	111.1	117.9	130.2	133.8
Allowances			0.6	1.5	1.0	- 0.7
Undistributed offsetting receipts	-34.0	-16.2	-16.0	-34.6	-33.8	-33.2

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81-3), The Conference Board, New York, 1980.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
M2: M1 plus time and savings deposits
Annual Growth Rate from Feb. through Aug. (Federal Reserve's 1984 Target Growth Rate is 6-9%) 6.1%
Annual Growth Rate from Mar. through Sept. (Federal Reserve's 1984 Target Growth Rate is 4-8%) 5.3%
M1: Demand deposits plus currency
Annual Growth Rate from Mar. through Sept: 6.9%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
1982
1983
1984

CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1984			1983
	Aug.	July	June	Aug.
Total Index 51 papers	128	138	134	97
New England	148	155	150	103
Boston	155	171	164	114
Hartford	157	151	149	104
Providence	106	106	103	64
Middle Atlantic	60	68	64	50
Albany	95	140	136	90
Allentown	150	202	161	104
New York	52	56	54	46
Philadelphia	53	64	56	46
Pittsburgh	55	63	57	45
Rochester	73	76	78	50
Syracuse	106	113	110	69
East North Central	79	85	80	50
Chicago	102	105	101	49
Cincinnati	85	116	107	73
Cleveland	55	63	56	40
Columbus	102	111	105	76
Dayton	63	67	68	46
Detroit	49	55	52	36
Gary	103	89	99	80
Indianapolis	78	84	70	57
Milwaukee	52	57r	52	37
Toledo	85	86	87	69
West North Central	88	94r	87	57
Kansas City	146	114	119	82
Minneapolis	66	78	79	45
Omaha	131	124	115	100
St. Louis	NA	62r	69	43
South Atlantic	148	158	161	114
Atlanta	254	293	292	186
Baltimore	111	93	114	89
Charlotte	134	144	139	103
Jacksonville	192	188	197	164
Miami	78	82	81	75
Richmond	92	108	111	60
Washington, D.C.	146	160	158	109
East South Central	118	136	130	94
Birmingham	129	142	141	101
Knoxville	191	190	181	150
Louisville	72	77	78	50
Memphis	86	111	113	86
Nashville	155	200	188	115
West South Central	286	299	299	219
Dallas	362	422	440	291
Houston	333	369	354	276
New Orleans	125	141	141	117
Oklahoma City	160	174	176	131
San Antonio	195	208	210	159
Tulsa	156	167	174	115
Mountain	292	321	308	203
Denver	205	229	213	160
Phoenix	377	415	430	255
Salt Lake City	340	367	319	212
Pacific	167	182	185	147
Los Angeles	145	153	143	119
Sacramento	304	313	293	225
San Bernardino	151	188	149	114
San Diego	380	391	385	272
San Francisco	200	194	188	152
Seattle	190	172	178	162
Percentage of papers with rising volume	18%	63%	82%	27%
Unemployment rate	7.5%	7.5%	7.1%	9.5%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised n.a.—not available

Help-wanted Advertising and Unemployment

* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.8	53.5
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	85.2	85.1
1984	88.4	85.7	84.5	87.9	85.2	97.1	91.0	91.9r	80.4p			

Buying Plans Index

1982	81.3	100.9	94.8	75.3	74.9	73.9	92.0	89.0	75.3	66.7	80.5	75.2
1983	71.9	75.8	87.9	88.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	89.4	105.1	121.6r	94.5	100.6r	89.6p			

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations

CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

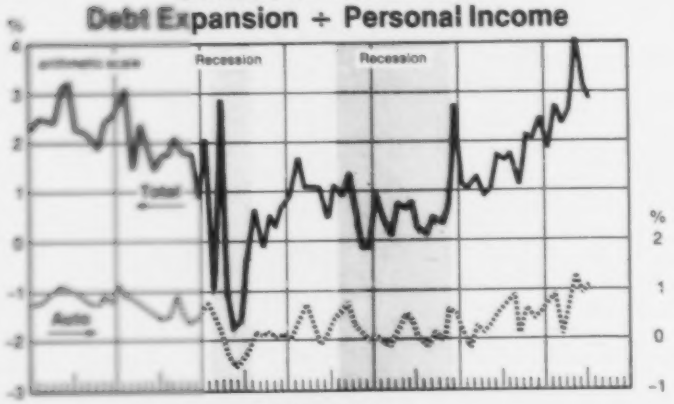
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	IV	$1714.9	$804.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1756.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1909.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2456.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1981	1982	1983	1984
January:	1-10	6.15	5.57	6.21	8.21
	11-20	6.60	5.56	6.17	7.80
	21-31	6.51	5.00	5.44	8.89
February:	1-10	6.49	6.06	5.81	7.74
	11-20	5.56	5.51	4.85	8.40
	21-28(29)	7.76	5.58	5.59	7.00
March:	1-10	7.66	5.25	5.39	7.08
	11-20	9.66	5.45	5.85	7.80
	21-31	5.05	6.19	6.21	7.37
April:	1-10	6.24	5.16	6.82	9.05
	11-20	6.00	6.36	6.76	8.26
	21-30	6.40	5.94	6.71	9.09
May:	1-10	6.13	7.30	7.72	9.68
	11-20	6.52	7.34	7.07	8.70
	21-31	5.94	6.25	7.55	8.99
June:	1-10	6.09	6.10	7.34	7.37
	11-20	5.99	4.68	8.12	9.12
	21-30	6.06	4.94	7.88	8.74
July:	1-10	6.09	4.92	7.16	9.39
	11-20	6.47	5.61	7.42	8.39
	21-31	5.89	5.30	7.37	8.53
August:	1-10	7.31	5.35	7.51	7.45
	11-20	6.98	4.52	5.53	7.30
	21-31	7.49	5.05	5.88	6.47
September:	1-10	6.88	4.93	5.98	7.76
	11-20	5.73	6.54	6.99	8.25
	21-30	6.36	6.19	6.64	6.12
October:	1-10	5.29	5.40	7.78	
	11-20	5.27	5.25	7.40	
	21-31	5.43	5.80	7.31	
November:	1-10	5.71	6.71	7.13	
	11-20	4.72	6.64	6.23	
	21-30	5.64	6.45	7.59	
December:	1-10	5.14	5.83	7.06	
	11-20	4.74	6.43	8.06	
	21-31	5.00	6.41	8.18	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales